

## **REPORT DIGEST**

### **SOUTHERN ILLINOIS UNIVERSITY FINANCIAL AND COMPLIANCE AUDIT (In accordance with the Federal Single Audit Act of 1984 and OMB Circular A-133) FOR THE YEAR ENDED JUNE 30, 1995**

#### **SYNOPSIS**

- All faculty requests to complete research and consulting projects outside the University were not approved in advance as required by State statute.
- University-wide policies, procedures and standards had not been adopted for administering and securing the University's Local Area Networks.

{Expenditures and Activity Measures are summarized on the reverse page.}

## **INTRODUCTION**

Our 1995 audit of Southern Illinois University is presented in five volumes: State Compliance Audit; Federal Compliance Audit; Financial Audit; Housing and Auxiliary Facilities System Financial Audit; and Supplementary Financial Information Report. The State Compliance Audit presents six compliance findings, and the Federal Compliance Audit presents four findings.

## **FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS**

### **OUTSIDE FACULTY RESEARCH AND CONSULTING PROJECTS NOT APPROVED IN ADVANCE**

Faculty members' requests to complete research and consulting projects outside the University were not always approved in advance by the Dean and the President of the University. We noted 8 instances in the School of Business at the Edwardsville campus where the Dean and President approvals were made after the start of the projects. In addition, all approvals were made on the same day: March 13, 1995 for the Dean and May 5, 1995 for the President.

Illinois Compiled Statutes (110 ILCS 100/1) state that no full-time member of the faculty may undertake, contract for, or accept anything of value in return for research or consulting services unless he has prior written approval from the President of the University. University policy also states the department Dean is required to provide prior written approval for faculty to undertake such projects. (Finding 2, page 12 in State report)

We recommended the Edwardsville campus implement procedures to ensure the prior written approval from the Dean and President for outside faculty research and consulting projects.

University officials responded they believe they are in compliance and that no further procedures are needed. They stated the instances cited were from the same school which had a new Dean and the forms were all signed the same day when they were discovered to be late.

### **LACK OF STANDARD ADMINISTRATIVE AND SECURITY GUIDELINES FOR THE UNIVERSITY'S LOCAL AREA NETWORKS**

University-wide policies, procedures and standards regarding Local Area Network (LAN) administration and security had not been adopted. At the time of our review, the University had at least 268 LANs established at its Carbondale and Edwardsville campuses. The LANs operating systems, number of users accounts defined to each LAN, and primary usages varied by network. The degree of formality, the extent, and the effectiveness of LAN administrative and security procedures also varied by network. These variances depended on the technical expertise of the LAN administrator and the commitment of the administrator to communicating and enforcing adequate controls.

University-wide policies, procedures and standards regarding LAN administration and security, and an administrative oversight body to monitor compliance with these standards, need to be developed to assure the University's investment in this technology and the integrity of University

data are properly safeguarded. (Finding 3, page 13 in State report)

We recommended the University establish a task force to draft LAN administration and security standards to ensure controls are adequately addressed on University LANs.

University officials agreed to establish a task force to address the important control issues raised.

### **OTHER FINDINGS**

The remaining findings are less significant and have been given appropriate attention by the University. We will review the University's progress towards the implementation of our recommendations in our next compliance audit.

Ms. Elaine Hyden, Executive Director of Audits, provided the University's responses.

### **AUDITORS' OPINION**

Our auditors stated the June 30, 1995 financial statements of the University are fairly presented.

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WILLIAM G. HOLLAND, Auditor General

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### **SUMMARY OF AUDIT FINDINGS**

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	10	13
Repeated audit findings	2	3
Prior recommendations implemented or not repeated	11	9

### **SPECIAL ASSISTANT AUDITORS**

Grant Thornton LLP were our special assistant auditors for these audits.

**SOUTHERN ILLINOIS UNIVERSITY**  
**FINANCIAL AND COMPLIANCE AUDIT**  
**FOR THE YEAR ENDED JUNE 30, 1995**

<b>FINANCIAL OPERATIONS (CURRENT FUNDS)</b>	<b>FY 1995</b>	<b>FY 1994</b>
<b>REVENUES</b>		
State Appropriations	\$187,612,000	\$183,121,000
Student Tuition and Fees	83,661,000	83,855,000
Federal Grants	39,394,000	38,625,000
Grants and Contracts	35,288,000	34,784,000
Other Sources	60,245,000	54,702,000
Enterprise Sales	<u>45,839,000</u>	<u>43,900,000</u>
<b>Total</b>	<b><u>\$452,039,000</u></b>	<b><u>\$438,987,000</u></b>
<b>EXPENDITURES</b>		
Instruction	\$150,972,000	\$144,514,000
Research	28,399,000	29,695,000
Public Service	30,911,000	29,498,000
Academic Support	56,985,000	53,599,000
Operation of Plant	36,226,000	33,481,000
Other Services	110,792,000	112,189,000
Enterprise Expenses	<u>42,061,000</u>	<u>38,901,000</u>
<b>Total</b>	<b><u>\$456,346,000</u></b>	<b><u>\$441,877,000</u></b>
<b>SUPPLEMENTARY INFORMATION</b>	<b>FY 1995</b>	<b>FY 1994</b>
Cash and Investments	\$79,724,000	\$90,550,000
Campus Plant Facilities	\$723,554,000	\$676,866,000
Accrued Compensated Absences	\$42,586,000	\$38,883,000
Revenue Bonds Payable	\$53,165,000	\$54,468,000
Employees (Fall Term)		
Carbondale	10,556	10,198
Edwardsville	<u>3,036</u>	<u>2,879</u>
Total Employees	<u>13,592</u>	<u>13,077</u>
Students (Full-time Equivalent)		
Carbondale	19,487	20,052
Edwardsville	<u>7,851</u>	<u>8,069</u>
Total Students	<u>27,338</u>	<u>28,121</u>
Instruction Costs Per Full-time Equivalent Student		
	<u>\$ 5,522</u>	<u>\$ 5,139</u>
Classroom Utilization (Daytime Maximum)		
Carbondale		
Edwardsville	77%	76%
	79%	75%
<b>UNIVERSITY CHANCELLOR/PRESIDENT*</b>		
During Audit Period: Dr. James M. Brown, Chancellor Currently: Dr. Ted Sanders, President (effective July 1, 1995)		
*Effective January 1, 1996 the Chancellor designation was changed to President.		